Approved For Release
2009/08/14 : [redacted]
CIA-RDP85T00875R00150002[redacted]

Secret

DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

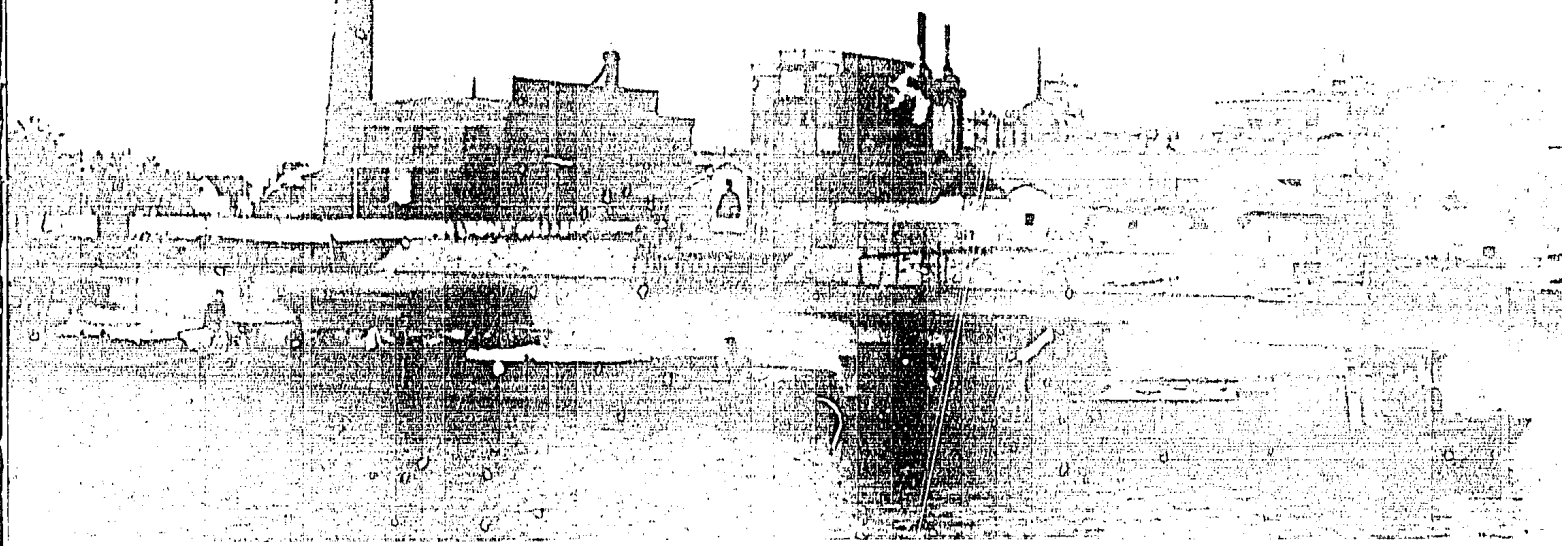
China Stays Even in Food/Population Race

Secret

№ 684

19 June 1970
No. 0375/70A

25X1



A RURAL FERTILIZER FACTORY AND ITS PRODUCT ON WAY TO CONSUMER

CHINA STAYS EVEN IN FOOD/POPULATION RACE

China enters the 1970s with its food problems more or less under control. Current food supplies appear adequate, whether measured by annual production of grain or size of the average diet. Peking sees availability exceeding current needs to such an extent that it has launched a national campaign to increase grain stocks for the first time in many years.

In 1960, the collapse of the Great Leap Forward was accompanied by a drastic fall in grain production. Peking was forced to abandon its rather utopian programs for restructuring rural institutions to tackle the fundamental problem of feeding the population. Aside from concern for human misery, there was the overriding consideration that mass starvation could undermine the viability of the Communist regime. By importing grain and by reversing collectivization policies that had sapped incentive and public morale, the government arrested the decline in food supplies. During the last half of the 1960s, food production was nursed back to pre - Leap Forward levels by the regime's increased allocation of resources to agriculture.

The food problem has not been solved, however, and China apparently still is far from achieving a breakthrough similar to the "green revolution" that has occurred elsewhere in Asia. Food supplies exceed the needs of the population by so slight a margin that bad weather alone could start a new downward trend. Moreover, the possibility that Mao Tse-tung may again attempt to introduce radical changes in the countryside that could lead to agricultural problems similar to those of the early 1960s continues to loom as a threat to China's modest agricultural achievements.

Agricultural Crisis

Agricultural output fell drastically during 1959-61, confronting the regime with one of its most serious economic crises. The crisis, although precipitated by almost catastrophic weather conditions, was also the outgrowth of the regime's earlier policies toward agriculture. During the 1950s the regime had looked to collectivization and to the exploitation of existing resources in the countryside for rapid agricultural growth rather than to infusions of scarce capital and technology. Such efforts, moreover, were either "once and for all" types of improvements or were subject to increasingly severe diminishing returns. Agricultural output did increase in the 1950s, but the surpluses that could be converted to capital for investment became smaller and smaller as the population continued to grow. Three consecutive years of poor weather in 1959-61 forced food production far below the minimum levels required to sustain the population.

Change in Agricultural Policies

In September 1962 the "agriculture first" policy was adopted, which provided a somewhat larger share of state investment as well as greater industrial support for agriculture. By 1964 chemical fertilizers, mechanical water pumps, and farm tools and equipment had become available in sufficient quantities to make an impact on agricultural production. These inputs were allocated primarily to commercial grains (rice and wheat), corn, and cotton, and were concentrated in areas capable of returning high yields despite flood or drought. Such areas constitute only a minor share of China's farmland; the bulk of the country's farming areas were left more or less to fend for themselves. Nevertheless, changes in management practices were made—notably in regard to crop rotations and the substitution of grains for industrial crops—that affected most of China's cultivated areas. Corn, for example, has been popularized for cultivation in areas with marginal water supplies, chiefly because corn is more responsive to fertilizer than is wheat or rice. In large areas of north China, a single crop of spring-sown corn, heavily fertilized, has been substituted for the traditional rotation of winter wheat followed by a summer-sown grain crop. Under favorable conditions, the single crop of corn has yielded more than have wheat and a summer-sown crop combined, thus increasing grain available in these areas.

Grain and Fertilizer Imports

Among the policies adopted during the 1960s to cope with food exigencies was the import of food and chemical fertilizers. Of the two, the import of grain has attracted more attention from the West, which considers this trade the bellwether of the Chinese food situation. When China in the 1960-61 food year broke precedent and began importing grain from Canada and Australia, the need was clearly desperate.

Net imports reached 5.5 million tons in 1961 and since then have averaged a little over five million tons annually despite improvements in cereal grain harvests. They have become an important element in stabilizing levels of cereal consumption in the urban areas of East and North China and in maintaining adequate levels of Chinese grain stocks. These imports are also useful in reducing the volume of internal transport needed to distribute food to cities.

Chinese imports of chemical fertilizer, which increased only gradually during 1961-64, began to expand rapidly in 1965. By 1969 these imports, combined with the slowly expanding domestic fertilizer industry, had more than doubled the total amount of fertilizer available in Communist China, and have been the key factor in agricultural performance. Nevertheless, the regime still has not allocated sizable resources to the development of the chemical fertilizer industry, and imports continue to provide the bulk of available fertilizer. In 1969, for example, they constituted more than 60 percent of the total fertilizer available. Given the lagging development of the domestic fertilizer industry, China is likely to

remain dependent upon imported fertilizer for some time to come.

The Food Situation

On a purely bulk basis, the Chinese are not eating as well as they did in 1957 or 1958. Nevertheless, food supplies have clearly been adequate for the past several years. A representative ration before the Leap Forward was between 2,200 and 2,300 calories a day. Rations fell to a low of about 1,400 calories during the disaster years of 1960 and 1961, but by 1965 they had recovered to a level of about 2,000 calories. This level has since been maintained.

Although some Western nutritionists consider 2,000 calories a day short of minimum re-
25X1 quirements for an adequate diet, the Chinese appear to be living reasonably well at this level.

the popular feeling that rations gen-
25X1 erally have been adequate for the last several years. Complaints of outright food shortages have been generated only by short-term, local situations, usually resulting from insect damage or weather problems.

In terms of the amount of cereal grains in the individual rations, there is still a gap of about 20 percent as compared with the 1957s. This gap, however, has been norrowed on a caloric basis by the inclusion of larger quantities of potatoes in the ration and on a quality basis by an increase in the availability of fruits, vegetables, eggs, and meats. Relatively small increases in eggs and meats significantly offset the nutritional deficiencies inherent in an overwhelmingly grain diet. An important share of the potatoes and most of
25X1 the fruits, vegetables, eggs, and meats are produced on the peasants' private plots.

since 1967, some 20 to 25 percent of the peasant's consumption, by weight,
25X1 has originated from these plots.

The government has openly acknowledged that it cannot reform rural institutions radically until a satisfactory substitute for private plots is found. The provincial press has categorically stated that the plots will continue to play a role in the foreseeable future. The national press indirectly endorses this line by banning articles condemning the plots. The five-percent limit placed on the arable land devoted to these plots constrains their growth, however, and there has been a leveling off of production on private plots over the past two years.

Impact of New Policies

Stabilization policies since 1962, together with restoration of the private plot, have eased the food situation. The infusion of large quantities of items such as chemical fertilizer and improved tools has enabled the Chinese to increase grain output at a much higher rate than could be achieved with traditional inputs alone. Finally, the Chinese have been favored by six years of normal or above-average weather conditions. This has meant that the average grain harvest level in China has increased from the 180 million metric ton level of 1957 to as much as 205-210 million tons in 1967. Grain production since 1967 has probably been somewhat lower. Production dropped in 1968 as the result of interruptions caused by the Cultural Revolution to the flow of industrial goods in support of agriculture. Production in 1969 suffered from a deterioration in weather conditions that was only partially offset by increased supplies of chemical fertilizers and other inputs.

Peking seems only mildly aware that the present breather in the food population race must be used to make fast progress in food-raising technology. Thus, the regime still appears unwilling to provide the increased resources necessary to bring about a technological breakthrough.

Prospects for Growth

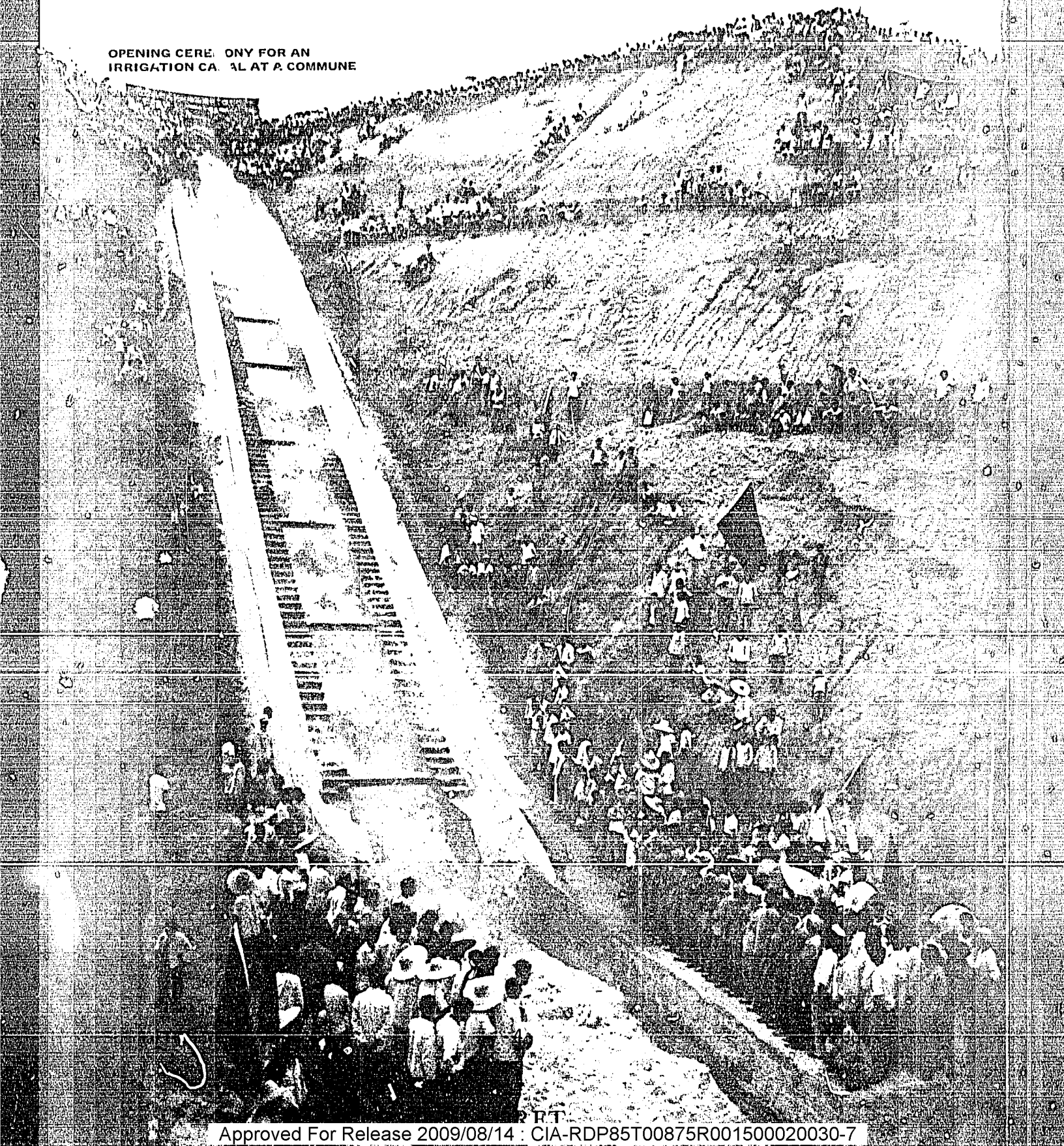
25X1

China's agricultural development program lacks a key element of the approach that has led to the so-called "green revolution" from which other Asian countries have benefited. The

SECRET

25X1

OPENING CERE ONY FOR AN
IRRIGATION CA AL AT A COMMUNE

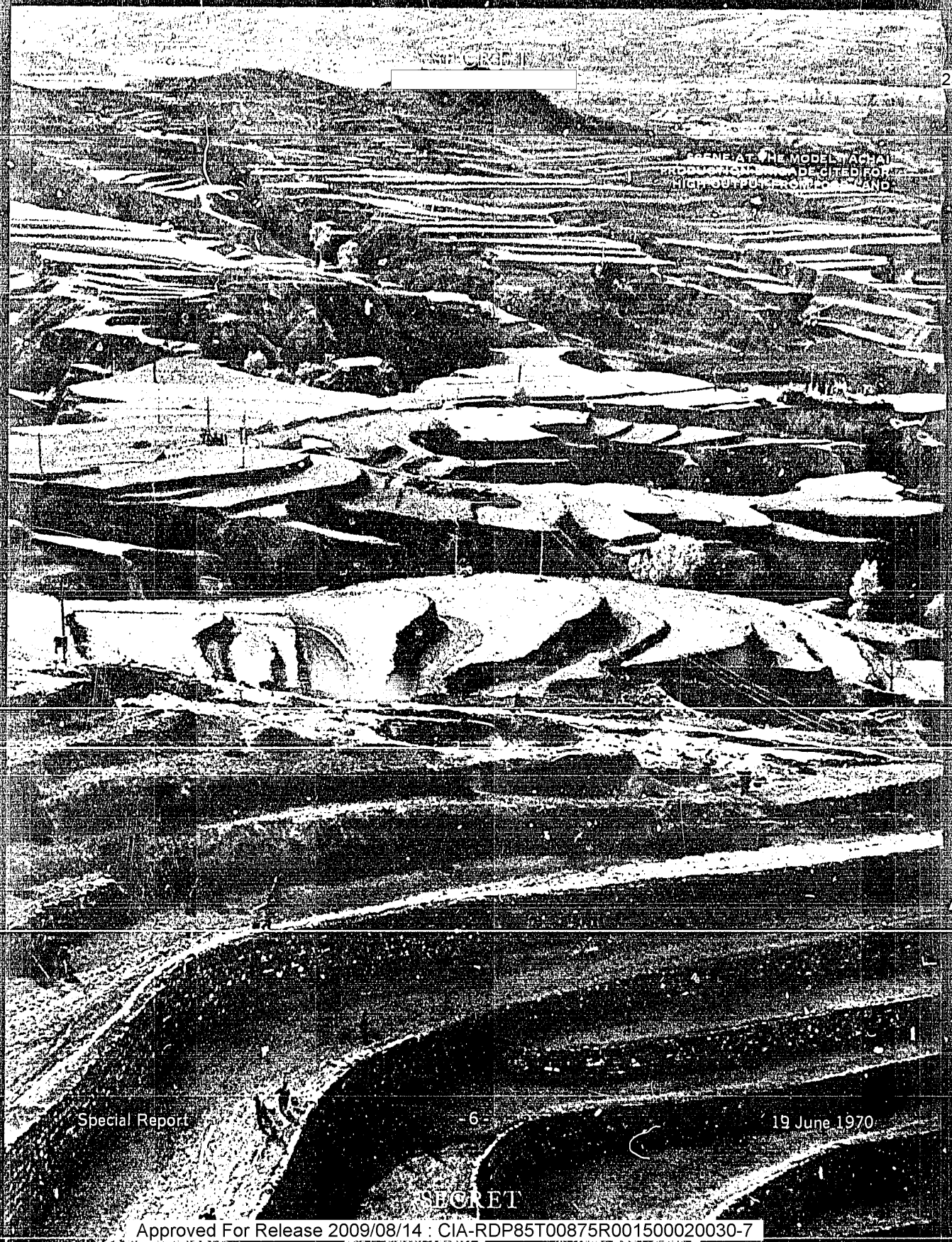


25X1

PEKING STUDENTS ON WAY TO RESETTLEMENT IN COUNTRYSIDE

introduction of new high-yielding varieties of seed has been the key to recent agricultural growth in India, Pakistan, and other countries. China has improved its water control and has increased the availability of chemical fertilizers and pesticides, electricity, and agricultural machinery, but the development of new seeds capable of producing very high yields under Chinese conditions has not been emphasized. China could import Mexican varieties of wheat and Philippine varieties of rice, but these have been developed for tropical or subtropical environments and are largely unsuited to the Chinese environment.

In the short run, China may be able to achieve annual increases in grain production to match or slightly exceed population growth. Even so, however, any progress toward a more comfortable margin between the availability of food and consumption requirements is likely to be small at best and would only extend the hiatus in the food/population race. Although Chinese agriculture appears generally stronger now than in the late 1950s, it remains to be seen whether it will be able to withstand successive years of bad weather such as that in 1959-61.



Over the long run, higher rates of agricultural growth will hinge on the ability of the Chinese to develop food-raising techniques suited to their conditions. In time, irrigation can be expanded and chemical fertilizers of suitable types and quality could be made available if the regime chooses to allocate more resources to this effort. But the development of high-yielding seeds will remain a serious problem. Possibly the most serious impact of the Cultural Revolution on agriculture will prove to be the disruption of plant breeding programs. Not only have the scientific methods most instrumental in the success of the "green revolution" in other countries been rejected, but many Chinese breeding programs have been terminated and the scientists running them dispersed throughout the country.

Instead of capital investment, the regime is relying increasingly on investment in human talent, which is not likely to bring dividends for many years. The transfer to the farms of excess urban population, consisting mostly of students, has been pursued with unusual vigor and consistency since the Cultural Revolution subsided. These transfers serve multiple purposes, including making available to communes literate, relatively trained, manpower suited for professional, technical, medical, and other tasks. Educated youths, if they can be persuaded or forced to settle permanently in the communes, could potentially upgrade all but the purely physical work being performed and could gradually heighten the responsiveness of the entire rural population to new ideas. Although some of these youths reportedly have been assigned managerial and accounting tasks, the regime so far appears to be emphasizing their reform-through-labor, and little of their potential value to the communes has been realized.

Lastly, the stability that has marked Chinese agriculture for the past few years is fragile. Aside from the hazards of weather, doctrinally motivated measures to increase the degree of collectivization in rural areas and to eliminate "revisionist" phenomena such as the private plots could lead to agricultural problems similar to those of the early 1960s

25X1

25X1

* * *